

FINAL BILL REPORT

ESHB 2254

C 499 L 09
Synopsis as Enacted

Brief Description: Concerning construction financing for colleges and universities.

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives White, Dunshee and Kenney; by request of Office of Financial Management).

House Committee on Capital Budget
Senate Committee on Ways & Means

Background:

By statute, students attending state colleges may be charged tuition that includes fees for athletics, clean energy, bus passes, health, technology, services and activities, operating, and building fees. The building fee is between 3 and 5 percent of total tuition costs at the four year institutions and 9.89 percent at the community and technical colleges. Statute limits increases in tuition to 7 percent of the previous year until the 2016-17 academic year.

Allowable uses of the building fees are payment for debt service on outstanding bonds issued for college buildings and deposit into the Institutions' Building or Capital Accounts (Accounts). The Accounts are appropriated and are used for small construction projects.

A Certificate of Participation (COP) is a type of security sold through the State Treasurer's office for a particular purpose and backed by any component of fees and revenues the university derived from its ownership and operation of its facilities. All COPs must be authorized in the state capital budget and, once authorized, the institution is allowed to begin the construction or purchase process.

The University of Washington and Washington State University have authority to issue bonds, but cannot use the Building Account for debt service.

The enacted 2009-11 state capital budget includes projects that are financed with COPs and use building fees for debt service, and projects that are financed with university issued bonds backed by the building accounts.

Summary:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Building Account or Capital Account may be used for debt service payments on higher education projects that use Certificates of Participation for construction projects approved by the Legislature, and the University of Washington and Washington State University may also use the Building Account for bond debt service on projects approved by the Legislature.

Votes on Final Passage:

House	60	36	
Senate	48	0	(Senate amended)
House	64	32	House concurred)

Effective: July 26, 2009